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SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 10 May 1994, at 3 p.m.

President: Mr. EL HUSSEIN (Sudan)

CONTENTS

Agenda item		Paragraphs
-	Statement by the President	1
4	Annual report of the Director-General for 1993 on the activities of the Organization (continued)	2 - 43
5	UNIDO technical cooperation activities in 1993 (continued)	
9	Future policy framework of UNIDO - organizational and staff structure (continued)	
10	Operational activities for development (continued)	
6	Industrialization of the least developed countries in the 1990s	44 - 60
8	Economic and technical cooperation among developing countries	

The meeting was called to order at 3.30 p.m.

STATEMENT BY THE PRESIDENT

1. The PRESIDENT said that the inauguration in the past few hours of Mr. Nelson Mandela as President of South Africa had been a historic moment for the African continent and the world in general. The people of South Africa had together opted for reconciliation, and had decided to build their future together. He paid tribute to the struggle of the people of South Africa, and offered his congratulations to Mr. Mandela on his election as President.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1993 ON THE ACTIVITIES OF THE ORGANIZATION (continued) (IDB.12/2; IDB.12/CRP.2)

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1993 (continued) (IDB.12/8; IDB.12/CRP.1)

FUTURE POLICY FRAMEWORK OF UNIDO - ORGANIZATIONAL AND STAFF STRUCTURE (continued) (IDB.12/5; IDB.12/CRP.4)

OPERATIONAL ACTIVITIES FOR DEVELOPMENT (continued) (IDB.12/9)

2. Mr. CURIA (Argentina) said that a new spirit was abroad in UNIDO, which had before it a historic opportunity to meet the challenges of the political and economic changes that had taken place in international relations. He expressed the hope that the Director-General would continue with the restructuring of the Organization and the rationalization of its expenditure. UNIDO needed to encourage efficiency and effectiveness, while maintaining a healthy cost-benefit position, to improve the quality of its projects, to enhance its flexibility, to guarantee transparency, to establish an appropriate system of communication, and to acquire a new international image. He agreed with previous speakers that UNIDO should take more account of the environmental dimension, should acquire innovative financial mechanisms, should orient the work done by the joint UNDP-UNIDO working group more towards the requirements of industrial development, and place greater emphasis on identifying sources of funds in the developed countries.

3. Mr. RAMIREZ (Ecuador) said that the information given by the Director-General in his annual report for 1993 and in his opening statement gave grounds for continuing confidence in the effectiveness of the services that could be offered by the Organization to promote sustainable industrial development in the developing countries.

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UNIDO had been sensitive to the profound changes which had taken place in the world, and had endeavoured to adapt its structure and management accordingly. It was going through a transitional period; steps had been taken in the right direction, and some of the results could already be seen. Realistic and pragmatic initiatives had been taken which deserved the support of Member States.

4. His country considered that representation in the field was of particular importance if the most effective use was to be made of the meagre resources available to the Organization. There should be better coordination between UNIDO and both recipient and donor countries, and the UCD programme should be strengthened. Savings could also be made in the travel expenditure incurred by staff at Headquarters, and it was his expectation that the information requested of the Secretariat by the Group of 77 would enable the Board to consider the various options and find the best solution.

5. Ecuador was grateful for the participation of UNIDO in a number of projects, notably: consultancy services in its petroleum refining industry; the promotion of agro-industrial investment projects, with a contribution from the Government of France; the establishment of a strategy for the management of environmental quality; and technical assistance in the upgrading of a cement plant. Ecuador believed that UNIDO should give priority in the future to the encouragement of small- and medium-scale enterprises, to assistance in the processes of restructuring, industrial reconversion, modernization and privatization, to the promotion of industrial and agro-industrial investment, to technical cooperation for the benefit of the developing countries and among the developing countries themselves, to better specialized training of industrial human resources, to the promotion of the transfer of clean technology, and to the distribution of information in general, and especially regarding contracting and subcontracting. Finally, his country had noted with satisfaction the cooperation between UNIDO and UNDCP in dealing with the problem of drugs.

6. Mr. PRODAN (Observer for Ukraine) praised the high quality of the annual report of UNIDO for 1993, which provided a clear picture of the work of the Organization. Like many other delegations, however, he had noted with concern the decrease in the number of technical assistance projects implemented in 1993, although he realized that a reduction in the flow of financial resources, especially through UNDP, was bound to affect the quantity of services offered to Member States.

7. The year 1993 had been one in which the Organization had reoriented itself and established new priorities within the framework of its medium-term plan, and it was to be hoped that even in the short term the reform process would enable UNIDO to increase significantly its effectiveness and competitiveness, and to react more flexibly and effectively to the requirements of Member States.

8. Ukraine supported the efforts undertaken by the Director-General to reform UNIDO's organizational and staff structure, and was particularly hopeful that the new structure would be less cumbersome and hierarchical and more effective. But an organization's effectiveness was directly linked to the professional level of its staff. Like other international organizations UNIDO was able to carry out its mandate effectively only if it secured a balance of interests between its Member States, and that was possible only when staff were selected in accordance with the principle of equitable geographical distribution. In that regard, Ukraine was unfortunately obliged once again to draw the Board's attention to glaring disproportions in the Organization's staff structure. Restructuring was clearly a complicated process, but for more than a year there had not been a single Ukrainian expert on the staff of the UNIDO Secretariat, and there seemed to be a lack of will in the Personnel Division seriously to deal with the problem, which involved clear discrimination against a Member State. Ukraine had a significant number of highly qualified experts who met the highest standards of competence, efficiency and conscientiousness, and his delegation once again drew the attention of the Director-General to the need for a speedy resolution of the matter. A number of delegations had referred to the injection of new blood into the Secretariat increasing the effectiveness of its work, and there was no doubt that Ukrainian experts could make a worthy contribution to solving the problems that the Organization faced.

9. Mr. WEJIKO (Poland) said that it would be unrealistic to expect the Organization to have demonstrated improved efficiency and competitiveness within only four months of acquiring new structures and working procedures, although he was confident that by the thirteenth session of the Board a new dynamism would be evident. Major criteria for Poland's assessment of the performance of UNIDO would be: its international image and credibility; the quality of the projects implemented and the market demand for UNIDO's services; the morale, attitude and dedication of the staff, and the general atmosphere within the Organization; and its financial situation.

10. With regard to the Organization's financial situation, he said that, despite its budgetary difficulties, his Government had always paid its contributions to UNIDO in time. As for UNIDO's international image, he noted that the UNIDO cooperation office in Poland had assisted his Government in the preparations for an East-West business forum and ministerial conference in Warsaw. He expressed his gratitude to the Director-General for having presented at that conference a project for restructuring Polish industrial enterprises on the basis of tripartite cooperation between the donor country and the Government of Poland. Regarding staff questions, the Director-General had stated that he was aware of the geographical imbalance in the distribution of staff. It was to be hoped that the situation would be corrected soon and that the Central and East European countries in transition would be borne in mind.

11. Regarding the annual report of UNIDO for 1993, the reasons for the dramatic decline in project effectiveness and efficiency might be that many of the projects evaluated had been designed before the policy shift towards private-sector development and the market economy had taken hold in many of the developing countries, although they might also lie in inadequacies of project design. He looked forward to seeing signs of improved performance in that field, and hoped that the Secretariat would

keep the Board informed on progress achieved. He also hoped that the Organization's work on quality management throughout the programme/project cycle would contribute to enhanced project effectiveness and efficiency.

12. Mr. KOLLARIK (Slovakia) said that UNIDO had taken a number of steps in the right direction since the fifth session of the General Conference. It was in a period of transition, and in that respect resembled countries like Slovakia which were moving from central economic and political planning to a modern democratic system based on the market economy. At the present stage of the UNIDO reform process it was important to pay particular attention to the situation of such countries in transition.

13. He welcomed the steps which had already been taken to establish closer cooperation between UNIDO and Slovakia: a memorandum of understanding had been signed, and a joint committee would soon be created. Slovakia was not only a country which needed the assistance and advice of UNIDO, but also one which was both able and willing to provide efficient and effective assistance to UNIDO in a number of fields, as well as, through UNIDO, to recipient countries.

14. Mr. FEDORTCHENKO (Russian Federation) said that 1993 had been a strained and difficult year for UNIDO. Because of financial problems the total volume of technical cooperation had decreased by 20 per cent as compared with 1992. For the first time, the figures for technical assistance had been comparable with expenditure at Headquarters. He also shared concern over the quality of services provided by UNIDO, which had been less effective. In certain cases, projects had been drawn up by UNIDO without involvement of the end-users. He supported the Director-General's efforts to overcome the adverse tendencies and to seek new and more efficient ways of operating. He also attached importance to the decisions taken by the General Conference at its fifth session concerning quality management and welcomed the Director-General's efforts to introduce a quality management system as rapidly as possible.

15. To improve the results of projects it would be advisable to consider making wider use of national experts, which encouraged the development of cooperation between the developing countries themselves and allowed available financial resources to be used more effectively. He greatly appreciated UNIDO's efforts to promote industrial investment, and in particular to attract investment to economies in transition. It was important in that respect to ensure continuity in the identification of needs, to take regional characteristics into account and to make optimum use of local personnel.

16. He commended the Secretariat on its assistance in preparing and holding a series of international investment forums to attract foreign investment to Russia. Experience had shown that investment projects in his country had great practical interest for business circles in Member States. Russian enterprises, which had wide experience in many different branches of industry, could actively participate in UNIDO technical assistance projects on a subcontracting basis in such areas as the supply of equipment and training. The former USSR had played an active part in training national personnel from the developing countries and Russia now wished to continue such cooperation at the UNIDO training centre in Moscow.

17. UNIDO's contribution to the formulation of national development strategies was on the whole constructive, but care should be taken to ensure that country and regional research carried out by UNIDO to promote industrial development was integrated into national development programmes. The UCD programme should be implemented through a regional approach, with the establishment, where necessary, of regional or subregional offices. Local expenses should be partly covered by the receiving countries. Finally, he supported the idea that the savings made by abolishing the posts of Deputy Directors-General should be devoted to the UCD programme.

18. Mr. LESNES PATIÑO (Observer for Colombia) said that his country and its private industrial sector felt supported by UNIDO in Colombia's programmes relating to the transfer of technology, training and the environment. Through the combined efforts of the Colombian Government and UNIDO the first stage in the process of economic opening had been attained and the second stage - involving the internationalization of the economy through an integrationist policy - was now beginning. It involved a free-trade agreement signed with Chile, a customs union with Venezuela and Ecuador, an agreement with Mexico and treaties at present being negotiated with the countries of Central America and the Caribbean.

19. Colombia was a dynamic country with an industrial policy based on concerted decision-making with the private sector, the modernization of the State to improve services for industry and reduce costs, and strong support for technological management. Credit lines had been made available for small- and medium-scale businesses and training was provided to make them more competitive. With the help of the European Union a corporation had been set up for the transfer of technology, offering business information on the latest advances in each particular field. UNIDO's information services would shortly be available on the same network. His Government was also promoting the creation of technology development centres, in which industries collaborated in research on intermediate technology, staff training and testing laboratories.

20. UNIDO had been taking part in all those activities, including the establishment of business incubators, industrial parks and technological free zones, thereby helping the private sector to bridge the development gap. UNIDO had also provided valuable assistance for the metallurgical and petrochemical industries. Colombia would be happy to support any activity that would further strengthen the Organization.

21. Mr. MANDENG AMBASSA (Cameroon) said that the holding of the fifth session of the General Conference at Yaoundé had been an honour not only for his country, but for Africa as a whole. The Conference had laid the foundations for the restructuring of UNIDO and Cameroon was happy to support the efforts made by the Director-General to that end. His delegation urged all Member States to make every effort to ensure the implementation of the resolutions adopted at Yaoundé. In particular, he hoped that the Director-General would give absolute priority to the industrial

development of the least developed countries, paying special attention to the resolutions relating to the financing of projects and the development of small- and medium-scale industry. Such activities offered the best opportunity for assisting the African countries which constituted the majority among the least developed countries. In that context, regional programmes should by preference be carried out through a judicious policy for the mobilization of human resources in the regions concerned, while providing back-up for national projects. He also supported the operational strengthening of regional and subregional offices to adapt them better to local conditions.

22. Despite the financial difficulties associated with its structural adjustment programme, the Cameroonian Government had decided to settle its arrears, make advance payment of its contributions for 1995, 1996 and 1997, and offer a voluntary contribution to the operation of the Yaoundé office, which was about to be restructured, and to the Industrial Development Fund.

23. Mr. AIT HMID (Observer for Morocco) said that he felt some concern over the reduction in technical cooperation activities in 1993, as well as in regional programmes, in particular for Africa. In Africa, out of 103 projects, only six had been implemented. The reasons given were a decrease in the financial resources made available by UNDP. Should that trend persist, it was bound to have an adverse effect on industrial development, particularly in Africa, a continent where development was sorely needed. He therefore urged UNIDO and UNDP to work closely together to seek all possible ways and means of finding the necessary funding.

24. He commended the Director-General on his efforts to restructure UNIDO. Positive results had already been achieved and he looked forward to even greater progress in the future. He particularly hoped that all regions would be equitably represented on the staff, in accordance with the criteria of competence and integrity, so that every advantage could be taken of the restructuring process in terms of an effective and efficient Organization.

25. Mr. AHMADI (Islamic Republic of Iran), speaking on behalf of the Asian Group, said that UNIDO, in carrying out its technical cooperation with the developing countries, should increase the volume of technical projects, bearing in mind such important factors as relevance, cost-effectiveness and sustainability.

26. The Asian Group had taken note of Director-General's bulletin UNIDO/DG/B.177 containing guidelines for the management of UNIDO services in response to General Conference resolution GC.5/Res.1, and in particular paragraph 2 of that resolution. While it was too early to evaluate the content of the bulletin, the Asian Group requested the Director-General to prepare UNIDO country and regional support strategies and programming briefs in close consultation with the recipient countries concerned. The Director-General should also communicate the results of the country programme monitoring exercise to the countries concerned through the appropriate channels. Finally, the Asian Group hoped that the measures for improving project quality management would ensure better services for the recipient countries, but not at the cost of delaying the whole project cycle or reducing the rate of technical assistance delivery.

27. Mr. DE MARIA Y CAMPOS (Director-General) expressed his appreciation for the support that had been expressed for the ongoing reforms and the restructuring of the Organization and its work processes. He and his colleagues felt encouraged to pursue their efforts towards an efficient and a thriving UNIDO. He appreciated the understanding shown by representatives that change took time. Moreover, during the process of change new bottlenecks and new innovative ideas and prospects came to light.

28. As many representatives and the President of the Staff Union had pointed out, staff motivation and involvement were key dimensions of restructuring. While the Staff Union and management did not always have the same views, they nevertheless engaged in fruitful dialogue. There was certainly a need to refine management techniques and to recruit highly qualified staff and specialists to tackle activities under the new priorities.

29. He had a few explanations to give regarding some of the issues raised during the debate. While he could not consider all such issues, he assured representatives that good note had been taken of every observation and proposal.

30. Many references had been made to the question of the evaluation of UNIDO programmes and projects as described in the annual report. As the representative of Sweden had stated, such evaluations related mainly to 1992 and early 1993 and much had been learnt from them. In particular, the experience gained had been used to build on some of the new mechanisms now being introduced. It should be noted that there were two categories of evaluation: programme evaluation and technical cooperation project evaluation. The findings of the former were submitted directly to himself and were reviewed by the Policy Management Committee to determine the necessary action. Short-term action was taken immediately, while long-term action was included in the biennial work programmes. The second category took the form of mid-term and ex-post evaluations, which were to have increasing importance in the future. The feedback to project design and delivery was described in the newly defined guidelines for the management of UNIDO services in Director-General's bulletin UNIDO/DG/B.177 of 26 April. It completely remodelled the design process by introducing a coherent programming framework, assessing UNIDO's counterpart abilities and calling for a close dialogue between UNIDO and the requesting institutions in drawing up the most effective response. With those new procedures in place, he expected a reversal of the discouraging evaluation results as referred to in the annual report for 1993.

31. That led to the question of quality of UNIDO services, which was one of the cornerstones of the restructuring. The central Quality Assurance Unit was being retained and the chief of the central Unit acted as permanent adviser to the Programme and Project Review Committee. However, each implementing Division now also had its own quality assurance officer, whose role was to ensure jointly with the substantive staff that quality was a key consideration from the outset in project formulation. The system was an integral part of

the service management process as a whole. He felt confident that the new system would lead to broader quality consciousness throughout the Organization. Of course, he was aware that there was a trade-off between careful design and quality control on the one hand, and speedy processing and approval on the other. However, Member States could rest assured that there was no undue delay in project approval. The system would be reviewed after one year to make sure it was operating effectively.

32. Turning to the annual report for 1993, he said that it could be considerably improved in format and presentation so as to facilitate evaluation of the work undertaken by UNIDO. Efforts were already being made in that direction. Regarding the data on delivery, it was certainly a matter for concern that delivery had been diminishing to the extent that funds available, especially from UNDP, had been reduced. The information contained in the report had nevertheless to be examined carefully. Account had to be taken of the total amount of support granted.

33. Many questions had been raised regarding the Arab region. Even though technical cooperation assistance to that region had been somewhat low in 1993 in comparison with other regions, net approvals in 1992 for Arab countries had amounted to $9 million, while the figure for 1993 had been $17 million. In comparison with other regions, net approvals in Arab States had much higher gross rates. In addition, the Arab region in general had not been among major recipients of special-purpose contributions provided by donor countries to UNIDO; the overall increase was mainly due to the growth of self-financed trust-fund assistance - a state of affairs similar to that in Latin America. As for future potential for technical cooperation programmes in the Arab States (including African Arab States), increased approval was expected for projects funded under the Montreal Protocol and implemented by UNIDO. Projects in Arab countries represented about 27 per cent of total allocations for overall projects in 1993 under the Montreal Protocol. Technical cooperation provided to the Palestinian people would be another area of growth; and a total of eight UNIDO missions to Arab States were scheduled for the remainder of 1994 and 1995. Those missions would increase UNIDO's presence as a United Nations agency providing technical cooperation assistance to Arab States in the industrial field. Nevertheless, he was concerned that if account was taken of the demand identified thus far in Africa, the Arab States, and especially the least developed countries, the amount of UNIDO's resources available to satisfy those demands was diminishing. UNIDO was faced with a dilemma: at Yaoundé, Member States had supported the idea that UNIDO should be a more demand-oriented organization, yet the funds available were less and less directed towards the specific demands in question.

34. On the issue of regional representation, many statements had referred to the desirability of setting up UNIDO Country Director offices in various localities. In that regard, UNIDO was again faced with the problem of dwindling resources. In some cases it had been possible to maintain UCD offices thanks to specific cost-sharing and contributions by some of the countries involved. In 1995 about 10 of the posts financed by UNDP resources would no longer have the necessary financing. That was a matter for concern in the light of the need to strengthen field representation. His intention was to present a proposal in that regard to the next session of the Programme and Budget Committee. At the same time, he intended to renegotiate assistance from UNDP to the extent possible. However, he was not optimistic as to the outcome; UNIDO had very good relations with UNDP, but the fact was that resources were simply not available. UNIDO was one of the few organizations to have received support for its field representation offices; most organizations supported their field representation offices through their regular budgets.

35. On the situation regarding resources, he was doing his utmost to ensure that both the regular and the operational budgets were used to the best effect. Regarding the regular budget, the situation currently seemed to be reasonably good. However, it was important to take a creative view of the future. UNIDO's Constitution restricted the percentage of the regular budget to be used for technical cooperation to 6 per cent. That provision dated from a time when the Organization had had access to other funds for technical cooperation, especially from UNDP. Member States might perhaps like to consider the implications of that restriction for the future. Some Member States had expressed the view that the provision should be changed, and that it should be possible for internal savings achieved in the regular budget to be channelled into technical cooperation.

36. Regarding the operational budget, the main problem thus far had been the substantial reduction in UNDP resources. The immediate future certainly did not look rosy; nevertheless, much could be achieved through adequate coordination with UNDP. Following discussions with UNDP, it had been decided to establish a special working group to look into the matter. It had also been agreed to consider how UNIDO's specialized expertise could best be used in very specific areas such as private sector development. It was to be hoped that further discussions with UNDP would lead to a better use of that expertise. However, such an outcome depended on communication; communication with the UNDP resident representatives must be enhanced. In many countries UNIDO had no representative, and consequently did not know what resources were available. He would do his utmost to rectify the situation in that regard. It had already been agreed with UNDP that, whenever possible in future, UNIDO would try to be present at subregional meetings of UNDP resident representatives, to brief them on its activities.

37. All possible efforts must be made to mobilize additional resources for the Industrial Development Fund and through trust funds. In some regions, very important changes had been seen. The more advanced developing countries could certainly make a better contribution in that regard; indeed, some were already doing so. That whole issue would of course be explored in greater depth at the coming session of the Programme and Budget Committee.

38. Turning to rationalization of expenditures and cost-cutting, he said that if current trends continued there might be a $1.2 to $1.3 million deficit in the Organization's operational budget at the end of 1994 - a situation he would do his

utmost to avoid. If he was unable to mobilize additional resources and improve delivery during the remainder of the year, he would have to make further cost reductions. Substantial reductions had already been achieved in Buildings Management. In the area of travel expenses, where costs were often more substantial than was realized, a voluntary scheme whereby staff availed themselves of APEX fares wherever possible had met with a heartening response. Some other areas where costs might be reduced called for expert analysis: he had thus requested the Director of Administration to continue the work of the Task Force on Rationalization of Expenditures and Cost Reduction. The Task Force was looking at a number of areas such as communications, buildings management and energy use, some of which required agreement with the other Vienna-based institutions. Much work had been done in that regard, and he expected to present a concrete report on the question to the next session of the Programme and Budget Committee.

39. Another area of cost reduction identified in 1993 was the issue of home leave entitlement. He assured the Ambassador of the Philippines, Asian representatives and other representatives of the Group of 77 and the industrialized countries who had expressed concern in that regard that he was reviewing the matter. The issue was not a straightforward one: as Director-General, he had to look at all the issues in order to find appropriate solutions in the best interests of the Organization as a whole. Thus far, two meetings with staff had been held in the context of the Joint Advisory Committee (JAC), to look at possibilities for reducing the present entitlement, comparing trends elsewhere in the United Nations system, and considering the impact of possible changes in terms of administrative costs. He, too, was convinced of the need for an immediate solution, and would ensure that in the coming weeks the necessary meetings with staff would be held through JAC. On the basis of those meetings he would take a decision and present his report to the coming session of the Programme and Budget Committee. In the interim, a detailed study would be made of the issue, of alternative solutions, and of the manner in which they should be implemented at administrative level. He asked the Board to show forbearance during that period. Some additional information was already available and could be supplied on request; information contained in the comparative study on the other organizations could be supplied as soon as the study being undertaken by the United Nations system within the Consultative Committee on Administrative Questions (Personnel and General Administrative Questions) was available. Any information that Member States could supply would also, of course, assist him in taking an effective and fair decision, in full knowledge of its implications. In that regard, it should be borne in mind that staff had recently been affected by the personnel reduction exercise, and that they had had no salary increase during the past four years.

40. On the question of women in development, questions had been raised concerning the presence of women in UNIDO, and concerning women in industrial development. On the former issue, the situation had improved following the recent promotion exercise. Regarding women at the P-5 level and above, they were now represented in a slightly higher percentage than had been the case prior to the staff reduction exercise. A series of procedures were being established which should facilitate the recruitment and promotion of women. However, the Organization was having to make considerable efforts to find women candidates; there had, for example, been no women applicants for some of the recent vacancies advertised. He urged Member States to assist in that regard.

41. Regarding women in industrial development, UNIDO had been very active in seeking to honour the commitments made at Yaoundé. It had been working on a strategy to improve programmes and projects concerning women in industrial development. Its main activities for the remainder of the year included backstopping and follow-up of regional studies on the participation of women in manufacturing, as well as other activities associated with the preparations for the Fourth World Conference on Women to be held in Beijing in 1995. Secondly, the Secretariat was finalizing a training manual for in-house gender-awareness training, and intended to run three to five training sessions. Thirdly, identification, formulation, execution and monitoring of technical cooperation activities in relation to women in industrial development were proceeding. A number of successful projects in various parts of the developing world should serve as examples and models for an expansion of UNIDO's activities in that regard, to the extent that additional resources were made available. Some countries had already made important contributions to programmes for women; he urged other countries to increase their contributions in that area.

42. Some speakers had referred to the issue of regional and country representation. He was doing his utmost to ensure that the existing imbalance was redressed. Some regions and countries were certainly underrepresented. But the situation could not be rectified unless staff were recruited; and in the year since his appointment as Director-General, only two Professionals had joined the Organization, although applications for six other vacancies were being considered. It was to be hoped that in the near future more staff from underrepresented regions could be recruited if posts were available, bearing in mind the present freeze on posts under the operational budget. It must also be borne in mind that UNIDO needed staff of the best quality in order to deliver services of the best quality, and that account must be taken of candidates' capabilities when filling vacancies. Nevertheless, he felt sure that a significant improvement would be apparent soon, once recruitment picked up.

43. In conclusion, he thanked representatives for their comments and constructive criticisms. His concern, and that of his staff, was to serve UNIDO better and in a transparent manner. The work of programme development and formulation of strategies for various issues and sectors had begun, and the focusing of the work was one of his primary concerns. He was sure that at the next session he would be able to report substantial results in that direction.

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES IN THE 1990s (IDB.12/6)

ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (IDB.12/3)

44. Mr. LATORTUE (Managing Director, Country Strategy and Programme Development Division), introducing the agenda items, said that, since the

fifth session of the General Conference, work had begun on formulating a plan of action to implement the conclusions reached by the Second Ministerial Symposium on the Industrialization of the Least Developed Countries (LDCs). In 1993, a seminar on private sector development and privatization policies, strategies and methods in connection with LDCs in Africa had been organized in the United Republic of Tanzania for English-speaking countries. A similar workshop was planned for June 1994 in Burkina Faso for francophone countries. A series of projects was currently under way, including a programme for development of the traditional textile industry in Africa. The same programme was also being considered for English-speaking LDCs in southern Africa. Following a mission to Yemen in February 1994, a project involving a seminar on private sector development and privatization policies had been scheduled for next May for Asian and Middle Eastern countries. However, in view of the current situation in Yemen, consideration was being given to holding the meeting in Nepal for the countries of the region. As regards the only LDC in the Latin American and Caribbean region, namely Haiti, no projects could be organized owing to the existing embargo and suspension of aid.

45. Mrs. BLICK (Uganda) said that it was becoming increasingly difficult for the developing countries to compete in the world market-place. It was gratifying to note that, with its approved new structure, UNIDO was to remain relevant and responsive to the changing global environment, and her delegation hoped that the restructuring exercise would benefit all Member States, especially the least developed countries, which were in most need of the Organization's services. The future primary focus of UNIDO should thus be on the industrialization needs of the LDCs, which faced particular constraints in terms of resources and infrastructure. As long as the gap between the developed and the developing countries continued to widen, the Organization would not have succeeded in carrying out its mandate.

46. It was reasonable to expect the African region, in which the majority of the LDCs were located, to be adequately represented in the top decision-making posts of the Organization, without prejudice to the principle that the highest standards of competence and qualifications must be required for appointments. The existing inequalities in geographical representation at all staffing levels should be eliminated.

47. It was essential for the LDCs to pursue industrialization as a means of gaining access to developments in modern technology and to contemporary civilization. That process required the cumulative efforts of peoples and organizations, and many problems needed to be overcome in order to make industrialization meaningful and self-sustaining. The private sector was assuming an increasing role in the industrialization process and the demand for UNIDO's services was shifting towards private-sector development needs. The Organization should continue to support the development of the private sector in its overall industrial development efforts.

48. Among UNIDO's activities, the Industrial Development Decade for Africa (IDDA) programme and the UNIDO Country Director programme were of paramount importance and should be strengthened. The resources made available through economies stemming from the restructuring of UNIDO should be channelled to the UCD programme so that all LCDs could be provided with the services of a UNIDO Country Director.

49. Mr. RAHMAN (United Nations Conference on Trade and Development), speaking on agenda item 6, said that the work of the Industrial Development Board on the agenda item under consideration was particularly relevant to UNCTAD as the latter was engaged in preparations for the high-level intergovernmental meeting to be held in 1995 to conduct a mid-term global review of the Programme of Action for the Least Developed Countries for the 1990s (see United Nations General Assembly resolution 48/171). The Programme of Action contained a substantive section on the development of the industrial sector and the need to promote the complementary and simultaneous development of the rural economy and to take into account regional and subregional markets.

50. UNCTAD had paid attention to the area of industrialization in the LDCs in its analytical work. In the last issue of its annual report on the least developed countries, it had considered the question of the impact on industry of the various liberalization instruments put in place in the LDCs. It had been concluded that across-the-board devaluation in the LDCs could result in intensifying foreign-exchange constraints and thus strangle industries that were dependent on imported inputs and intermediaries; the use of a multi-tiered exchange arrangement with preferential treatment for industries that were net foreign-exchange earners might be a more realistic alternative. The continuation of high interest rates with credit restrictions had often "crowded out" private investment and caused de-industrialization. Price liberalization measures themselves had little chance of success in the absence of complementary action to overcome human, institutional and infrastructural obstacles to entrepreneurial responses to new investment and trade opportunities. Restructuring and privatization of public enterprises in the LDCs might not always be the most appropriate means of enhancing efficiency; privatization should rather be promoted so that it simultaneously fostered the development of indigenous entrepreneurship.

51. The Trade and Development Board, at its recent session, had reached the following main conclusions concerning the implementation of the Programme of Action: the recent poor performance of the LDCs was attributable mainly to unpredictable weather conditions, natural disasters, political and civil strife, and unfavourable external conditions; adjustment and reform efforts of LDCs provided a context in which growth and structural transformation could reinforce each other; education, training and health-care policies could be further improved without detriment to other important sectors of expenditure; all donors should be urged to fulfil official development aid (ODA) targets and commitments contained in the Programme of Action; the debt burden of LDCs, particularly those in Africa, was a serious constraint on their development, the increasing share of multilateral obligations in the overall debt stock and debt servicing being of particular concern; and the special and differential measures for LDCs included in the Final Act of the Uruguay Round should be implemented expeditiously and in a supportive manner.

52. As regards the preparatory meetings for the mid-term global review, the Trade and Development Board had recommended that the high-level intergovernmental meeting to be held in 1995 should be preceded by a one-day meeting of senior officials, and that a meeting of governmental experts of donor countries and multilateral and bilateral financial and technical assistance institutions with representatives of the LDCs should be convened in early 1995. Four preparatory expert group meetings were being planned, covering the following: trade diversification; domestic-resource mobilization and fiscal reforms; external financing and debt; and women in development in LDCs. A number of inter-agency and regional preparatory meetings had also been recommended by the Trade and Development Board. In that connection, the organization of a sectoral appraisal meeting on industrialization in LDCs preparatory to the high-level intergovernmental meeting could be considered. That would enable the mid-term global review to benefit from the important work carried out within UNIDO and thereby facilitate the formulation of further national and international measures.

53. Mr. SOLENDIL (Turkey) said that his delegation fully supported the efforts made by UNIDO in cooperation with the LDCs and looked forward to the results of the review currently being undertaken by the Secretariat of the conclusions and recommendations that had emerged from the Second Ministerial Symposium on the Industrialization of the Least Developed Countries, held in 1993. The successful implementation of those recommendations called for the active support of Member States and the cooperation of the LDCs as partners. His delegation thus urged all parties concerned to spare no effort in pursuing that goal.

54. His delegation was convinced that the mobilization and development of human resources in the LDCs was a vital element in the industrialization process. Since 1988, Turkey had, in cooperation with UNIDO, organized annual in-plant group training programmes on the cement and sugar industries, medicinal plants, iron and steel foundries, fruit and vegetable processing and textiles, in which 433 specialists from 74 developing countries had participated to date, and in 1993 had held group training programmes in energy conservation, cement and building materials and the cement industry.

55. His delegation was appreciative of UNIDO's ECDC/TCDC activities and believed that investment promotion was an important area of cooperation, in which the opportunities afforded by the increasing trend towards investment among the developing countries could be exploited. A workshop was planned for 1994 with a view to the establishment of cooperation between UNIDO and the Black Sea Economic Cooperation Council.

56. Mr. POUPARD (France), speaking on agenda item 6, said that the priority accorded to industrialization of the LDCs was in accordance with UNIDO's mission. That principle had been reasserted during both the eleventh session of the Board and the fifth session of the General Conference. In his delegation's view, the difficulties currently experienced by other countries, particularly the countries in transition, should not constitute a reason for any reorientation of UNIDO's activities, provided that due account was taken of development priorities.

57. The Second Ministerial Symposium on the Industrialization of the Least Developed Countries held in 1993 had stressed the paramount role that could be played by industrialization, in connection with small and medium-sized enterprises, in bringing about sustainable development. It was also necessary that access to financial resources should be ensured and that the development of human resources should be promoted and supported. Those were all functions of UNIDO, whose structural reforms and working methods should incorporate measures geared to the situation of the LDCs and to meeting their specific needs.

58. The Second IDDA and the problems of the least developed countries were interlinked. His delegation would support every effort on the part of the Director-General and the Secretariat to make IDDA a concrete programme focused on practical projects in the field that would contribute to the development of the African continent. It was necessary that the best possible use should be made of the funds invested in the programme, to the real benefit of the peoples concerned.

59. Mr. WANG Zhixi (China), speaking on agenda item 8, said that the economic recession had caused the developed countries to adopt a more conservative approach to their economic policies in recent years, resulting in a decrease in capital flows to the developing countries. ECDC/TCDC was thus assuming greater importance in the world economy. The UNIDO Secretariat was to be commended on its response to the resolutions concerning prioritization of ECDC/TCDC that had been adopted by the General Conference at its fifth session, and he noted with satisfaction the endeavours of the Organization to promote such cooperation and the activities that had been successfully carried out to that end. Thanks to its organizational capability, expertise and information sources, UNIDO had a special role to play in strengthening ECDC/TCDC. As a result of the establishment of a new world economic order, the form and content of ECDC/TCDC had changed, and it was to be hoped that UNIDO would seek new ways and means of promoting and further developing activities in that area.

60. Following the reorganization of UNIDO, the ECDC/TCDC function had been integrated into investment and technology promotion activities, and its staffing allocation had been reduced. His delegation wished to stress that the necessary measures should be taken to ensure that ECDC/TCDC continued to receive sufficient attention within the Organization.

The meeting rose at 6 p.m.